

# Inside TVA

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**September 2007**

Volume 28, Issue 9

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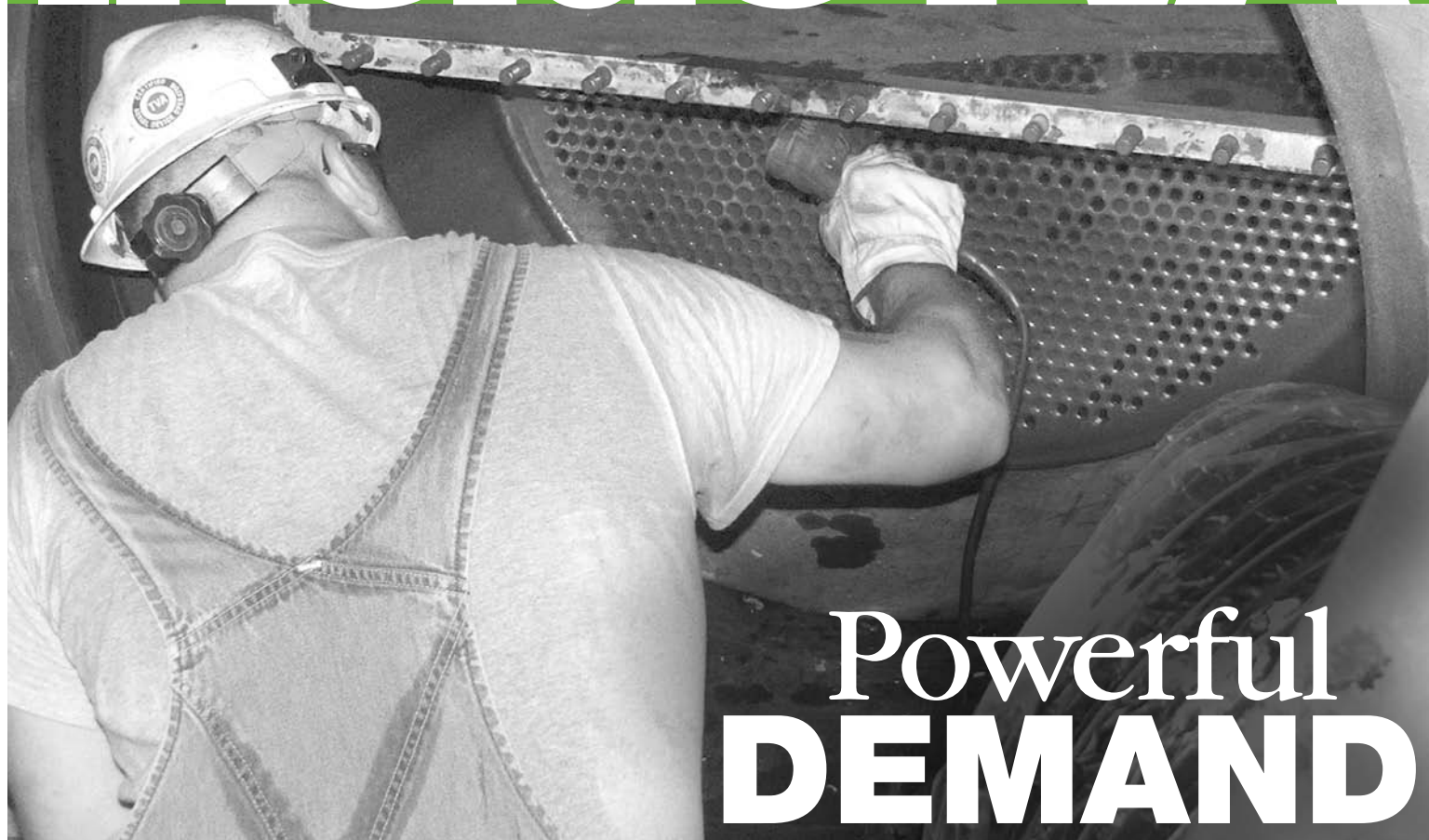
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DENNIS ANDERSON

Jason Sloan, fossil mechanical technician III, works on a high-pressure heater for Unit 2 inside Allen Fossil Plant. Sloan, who is a certified welder, is preparing to insert a plug into one of the heater tubes in order to stop the heater from leaking internally. The heaters are used to heat the feed water before it goes into the boiler to be superheated. Without these heaters, the unit would need to burn more coal or be derated.

**W**orking in 114-degree Fahrenheit weather in an enclosed space. That’s summer for Jason Sloan at Allen Fossil Plant in Memphis. It’s tough work, but Sloan and others at fossil, nuclear and hydro facilities and in the transmission organization are dedicated to meeting TVA’s increasing power demands.

The week of Aug. 6, when TVA met three all-time power-demand records, Sloan, a fossil mechanical technician III, and his co-workers were working on a

high-pressure heater for Unit 2.

“The heater is used to heat the feed water before it goes into the boiler,” Sloan says. “The longer the heater is out of service, the more costly it is for TVA. Without these heaters, the unit would need to burn more coal or be derated, which means we can’t produce as much power.”

And consumers were using all the power available, and more, to keep cool in the 90 to 100-plus-degree weather throughout the Tennessee Valley. TVA

met record power demands Aug. 6, 7, 8 and 16, with an all-time peak demand on Thursday, Aug. 16, of 33,499 megawatts at 6 p.m. EDT when the average temperature across the Tennessee Valley was 102 degrees Fahrenheit.

TVA implemented in-house power-curtailment measures, such as raising building temperatures, reducing or eliminating non-essential lighting, lowering

*See “Powerful demand” on page 4*

## **Sustainable performance — improving for success**

**Saving versus spending . . . continuity versus change. These and other challenges were hot topics during employee meetings in August about TVA’s Sustainable Performance Improvement Initiative.**

**P**resident & Chief Executive Officer Tom Kilgore and members of his management team recently hosted Sustainable Performance Improvement Initiative meetings in Chattanooga and other work locations to explain the critical role of sustainable performance in implementing TVA’s new strategic plan.

“The questions in those meetings highlighted many of the issues TVA faces,” Kilgore says. “And they showed the eagerness we share to get moving with strategies for making TVA a top-quartile performer.”

The August edition of *Inside TVA* provided an overview of sustainable performance. In this edition, Kilgore answers questions that were most on employees’ minds in last month’s meetings.

**Q: Why are we reducing costs in some areas while we are increasing spending in others?**

**A:** A key component of sustainable performance is to reduce our non-fuel operating and maintenance costs by \$420 million with-

in three years. Over the next 12 years, this is expected to generate accumulated savings of \$10 billion. This figure is partly a result of the time value of money — the way your own savings grow over time through compound interest — and partly from our determination to keep these expenses from increasing faster than our sales.

At the same time, we plan to spend \$200 million in the next five years to support conservation and smooth out some of the peaks in our power demands. These are important areas of focus in our strategic plan that require us to gather hard data on energy use and share it with our customers and consumers so they can make informed decisions about when and how they use electricity.

Saving money where we can gives us the financial flexibility to make prudent investments where we must to grow our transmission and generation capabilities and make other capital

*See “Sustainable performance” on page 3*

## **what’s new in employee news**

### **Annual risk survey**

What are the current risks to TVA’s business? Are there any new risks on the horizon?

As part of its annual risk update, the Risk Management & Economic Analysis organization is asking all employees to provide input on these questions.

“Employees are on the front lines and can identify new risks and issues that help us with our risk-management strategy,” says Chris Mitchell, RMEA vice president and TVA’s chief risk officer.

Last year, employees submitted more than 270 potential risks to TVA. Common themes included disasters, regulatory costs, staffing issues, terrorism, environmental legislation, reduced coal deliveries, competition and general market-transformation issues.

The RMEA staff will use employee input with risk information recently provided by TVA organizations, the Enterprise Risk Council and the council’s subordinate risk committees — Financial, Operational and Strategic.

Employees can submit their suggestions on an ongoing basis through the Employee Risk Assessment link from TVA’s internal Web site homepage under Programs.

inside TVA

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# Connection Point Interruptions target temporarily interrupted

## Recovery is likely by the end of September.

At the end of July, four of the nine performance measures on the Balanced Scorecard were on target. The forecasts for the Connection Point Interruptions and the Delivered Cost of Power Excluding FCA Costs measures are worse than their baseline targets, but recovery is possible for both measures. (FCA stands for Fuel Cost Adjustment.)

The forecasts for Productivity, Environmental Impact and FCA Costs measures are worse than their baseline targets, and recovery is unlikely.

The Connection Point Interruptions indicator had been on target before the data was compiled for the July scorecard.

The CPI performance measure reflects the frequency that customer-connection points on the TVA power system are interrupted. While the actual interruptions are below target, the adjustment for abnormal weather increased the interruption count slightly above target for July.

The CPI indicator is expected to be back on target by the end of September and the 2007 fiscal year.

### Review scorecards, action plans

Employees are encouraged to regularly review scorecard results and improvement action plans in their business areas.

TVA Balanced Scorecard for July 2007								
	Weight	Status	Actual YTD	Plan YTD	Year-End Forecast	Target	G O A L S	Stretch
<i>People</i>								
• Safe Workplace** (Recordable injuries/hours worked)	10%	▲	1.46	1.82	1.82	1.82	1.56	1.30
• Productivity (\$/MWh sales)	10%	▼	9.83	9.52	9.74	9.47	9.42	9.37
<i>Customer</i>								
• Connection Point Interruptions (rate)	15%	►	0.65	0.65	0.85	0.84	0.81	0.78
• Customer Satisfaction Survey* (percent satisfied)	10%	▲	86.8	82.3	87.5	82.0	84.0	86.0
• Economic Development (jobs + investments + job impact)	5%	▲	129	100	125	100	115	130
<i>Operations</i>								
• Equivalent Availability Factor	15%	▲	86.9	86.1	87.7	87.2	87.7	88.2
• Environmental Impact* (index)	10%	▼	74.9	67.1	91.5	65.2	58.3	50.6
<i>Financial</i>								
• Delivered Cost of Power Excluding FCA Costs	20%	►	33.19	32.89	32.68	32.61	32.41	32.21
• FCA Costs (\$/MWh sales)	5%	▼	18.16	17.44	18.43	17.54	17.19	16.84
* Actuals reported quarterly ** Includes TVA and Staff Augmented Employees. Hearing events are excluded. Any TVA employee or staff augmentation contractor fatality will prevent payout for this indicator at the TVA level as well as affected SBU/BU.								
<b>Status:</b> ▲ = Forecast at or better than Target ► = Forecast worse than Target, but recovery is possible ▼ = Forecast worse than Target, and recovery is unlikely								
This scorecard has been posted on the Winning Performance section of TVA's internal Web site.								

After accessing the scorecard on TVA's internal Web site, click on the names of the measures and the status arrows for more

information about the performance indicators, problem areas, action plans, etc.

— DAN ADAIR

## Environmental Excellence Awards Nominations due Sept. 21

TVA's Environmental Stewardship & Policy organization is accepting nominations for TVA Environmental Excellence Awards for 2007.

The nominations should be sent to Environmental Peer Team representatives by Sept. 21.

The objective of the awards is to recognize exemplary environmental performance by TVA employees and groups, as well as to share innovative environmental accomplishments in the interest of promoting positive environmental behavior within TVA and beyond.

Nominees can be TVA employees, teams, sites, facilities or organizations.

The categories are the six business principles defined in TVA's Environmental Policy & Principles — Management Commitment; Environmental Compliance; Environmental Protection & Stewardship; Pollution Prevention & Control; Partnerships/Public Involvement; and Innovation & Technology Development.

More information about these principles is available on the Environmental Information Center site on TVA's internal Web site.


The Environmental Peer Team awards up to six Environmental Excellence Awards each fiscal year. Environmental Stewardship & Policy selects the one that best exemplifies TVA's commitment to responsible environmental management and environmental leadership for the TVA Environmental Excellence of the Year Award.

### How to submit a nomination

To make a nomination, employees or organizations should send a completed TVA Form 17546 to their Environmental Peer Team representative by Sept. 21. A list of these representatives is on the EIC site.

The Environmental Peer Team representatives should send the nominations to Beth Keel by Oct. 1.

Anyone with questions can call or e-mail Keel (632-6113, [bakeel@tva.gov](mailto:bakeel@tva.gov)).



## Environmental Information Center

JUST A CLICK AWAY

For the latest environmental reports and performance results, who to call about environmental questions or to send an idea on how to be more environmentally responsible . . .

Go to the Environmental Information Center on TVA's internal Web site

**Here's what you'll find:**

- Best-management practices
- Environmental performance reports
- Environmental team members' listings
- Instructions on how to report an environmental emergency

**But there's more:**

- What to say on environmental issues (News You Can Use)

- Environmental Management System review and auditing schedules
- Policy and regulatory information
- List of environmental training courses
- Best practices and success stories
- Through "What's New," get a summary of information recently added to the Web site.

And standard EMS processes and procedures are listed in the EMS section, along with forms and EMS self-declaration information.

Also included is a link to the Environmental Impact Index, the Winning Performance indicator that tracks TVA's performance pertaining to beneficial and detrimental environmental impacts on air quality, water quality, land, waste production and energy consumption.

**Check it out — from TVA's internal Web site, it's a click on the left**

The Environmental Information Center is updated monthly. To receive an e-mail when new information is posted, contact DaVonna Mason at [dhmason@tva.gov](mailto:dhmason@tva.gov).



# Sustainable performance *continued from page 1*

improvements, such as those that could be required by stricter clean-air regulations.

## Q: Why \$420 million?

**A:** \$420 million in annual savings will put us in the top-quartile and provide the momentum to keep us going. We picked this number by comparing TVA to other utilities and establishing competitive benchmarks. We parsed it down to specific dollar amounts in each area of our business, and those are the targets I gave to each of our executives, which they accepted. I haven't mandated a standard way for them to achieve their targets. I simply defined the results I expect, and it's up to each executive who reports to me and Chief Operating Officer Bill McCollum to achieve those results.



At the Aug. 17 employee meeting in Knoxville, Ruth Horton, senior NEPA specialist, asked Chief Administrative Officer John Long a question about the need for building more generating facilities.

## Q: We buy as much as 8,000 megawatts of power during peak demand. If we're going to be self-sufficient, where is that power going to come from?

**A:** Watts Bar Unit 2 will provide about 1,000 megawatts of additional baseload. Beyond that, we must help our customers conserve and use electricity more efficiently, and we will have to build simple and combined-cycle natural-gas capacity for peaking. My concern is finding enough good sites and having the transmission capacity to accommodate these additions to our system.

Longer term, Bellefonte may be an option. As you know, we're part of the NuStart consortium that is developing a proposal for a combined construction and operating license for a next-generation nuclear unit at Bellefonte. We're recommending to the TVA Board that we begin the license application process for that this fall. It could take three or four years, but it will be the most economical way to preserve the option to move forward with Bellefonte.

## Q: Will coal still be an important part of our portfolio?

**A:** We're going to need every ounce of our coal capacity in the near-term — and we need it running better. In the mid- to long-term, we need to look at this strategically and see which units can be economically cleaned up, maintained and operated for another 20 or 30 years. For some, we might replace the boiler with something more efficient. For others, we might scrap the whole unit and build something else on that site. However, I do not see us walking away from any of our sites. They're too valuable to be left unused.

## Q: Will we use fewer contractors in the future?

**A:** It comes down to what's most efficient. There is a place for contractors in activities like outages where

you don't need employees working year-round. But I've told the board that maybe we should increase internal staffing in areas where the work could be done better by employees. It's about being smart, and I'm willing to hire more employees as long as the total cost goes in the right direction.

## Q: Why have several executives been hired from the outside?

**A:** We didn't have good succession candidates in areas where we decided to hire from outside, and I think it's good to have a little new blood to bring about change, offer new perspectives and challenge me and others to think differently.

Even so, in interviewing outside candidates, I ask how long they would stay with TVA. I'm 59, and I expect to stay until I'm at least 65. This is my job, and I'm sticking with it, and I expect the same of our recent hires.

We now have a management team with a good mix of newcomers and career TVA executives, and we have set up a succession plan so we won't have to go outside so much in the future. This should give us more continuity and long-term follow through.

## Q: What can I do to help TVA succeed?

**A:** Ask yourself three questions:

- What can I do?
- What can I help someone else do?
- What other suggestions do I have?

I get lots of suggestions for how other people need to change, but sometimes we're reluctant to talk about what we could or should do ourselves. The truth is, we need to ask ourselves all three questions.

Start trying to find one new idea a week for how you can help TVA be better. Maybe it's something as simple as recycling more. Second, see what your team is involved in that you could help do better. Third, offer ideas in areas over which you have no influence but that are important to TVA.

## One extra hit a week

If you're a baseball fan like me, you know that a .300 hitter has Hall of Fame potential, while a .250 hitter is just average," says Tom Kilgore, President & Chief Executive Officer. "If you work it



At the meeting with Tom Kilgore in Chattanooga, Administrative Services Custodian Monty Hicks asked about recycling.

out over a season, the difference between the two is just one hit a week.

"I don't want to be average, and I know you don't either. That's why I challenge everyone in TVA to give some thought to how we can each have one extra hit a week — one little improvement in how we do our jobs that would help TVA be a Hall of Fame performer.

"See if you can be that person who gets an extra hit a week. Some might be home runs. Some might be singles. Some might be walks — and we'll take the walks, because it takes all three to have a winning ball club, and it takes a steady stream of answers to all three questions to make TVA a winning organization."

To find out how one group scored a hit, read "Engineering Design — finding new ways to cut costs" on page 8.

## SBU employee meetings around the Valley

In addition to the all-employee meeting in Chattanooga, strategic business unit executives held meetings to discuss the Sustainable Performance Improvement Initiative and the TVA Strategic Plan and answer employees' questions. The following pictures represent the meetings with employees.



Bridgette Ellis, Office of Environment & Research senior vice president, explains the Sustainable Performance Improvement Initiative to Watts Bar-Clinch River and Little Tennessee Watershed team employees Aug. 16 in Lenoir City.



Transmission Operations & Maintenance Electrician James Rea (left) talks with Senior Vice President of Corporate Responsibility & Diversity Peyton Hairston at the Aug. 17 meeting at the Tupelo, Miss., Customer Service Center.



Chief Nuclear Officer Bill Campbell answers employees' questions at the Watts Bar Nuclear Plant meeting Aug. 21.



# TVA meets fourth record peak demand

## TVA ENCOURAGED ENERGY CONSERVATION

On Thursday, Aug. 16, TVA met an all-time record demand for electricity in its seven-state service area for the fourth time this summer. The record power demand of 33,499 megawatts at 6 p.m. EDT was met when the average temperature across the Tennessee Valley at the hour of the peak was 102 degrees Fahrenheit.

The system temperature of 103.6 degrees at 4 p.m. EDT was the highest system temperature in the past 55 years.

The Aug. 16 demand exceeded the previous record of 33,332 MW set Wednesday, Aug. 8, by 167 MW when the average Valley temperature was 98 degrees.

These numbers are based on initial readings and could change slightly up or down upon further review of all relevant data.

“Given the challenges we’ve faced over the past couple of weeks, our power system has held up amazingly well due to the hard work of a lot of people,” says President & Chief Executive Officer Tom Kilgore.

“Special thanks are due to all employees at TVA generating sites, in transmission, in Commercial Operations & Fuels and those who support them. Many of them endure very hot conditions where they work. Their efforts and sacrifices during these hot days, along with their preparations going into the summer, make it possible to keep electric power flowing across the Valley and to keep the lights on and air conditioners running.”

### Energy conservation can help

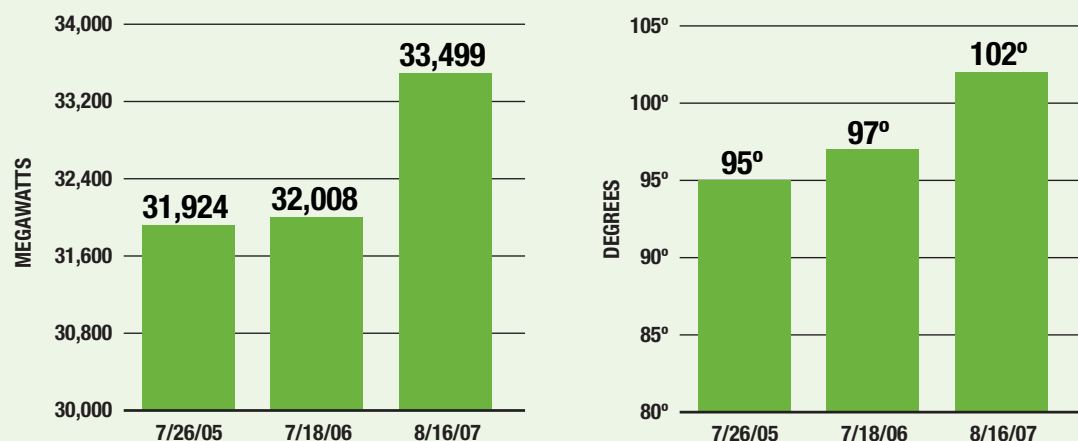
TVA encouraged customers to practice energy conservation when possible, especially during the late afternoon and early evening hours when electricity use reached record levels.

Energy-conservation efforts by Valley residents helped TVA continue to meet the demands placed on its power system during this period of extremely hot and dry weather. These efforts helped reduce the amount of higher-priced power TVA purchased from other power providers, which helps keep power rates lower.

Energy-saving practices include the following:

- Keeping curtains closed on the south and west sides of the house during the day
- Using a microwave for cooking instead of a stove burner or oven
- Avoiding running dishwashers, washing machines and electric clothes dryers between 2 p.m. and 8 p.m.
- Turning up cooling-system thermostats to 78 degrees and raising the thermostat even more when no one is home
- Using the “sleep mode” on computers
- Changing your air-conditioner filter regularly.

### TOP PEAKS



### Help from all around

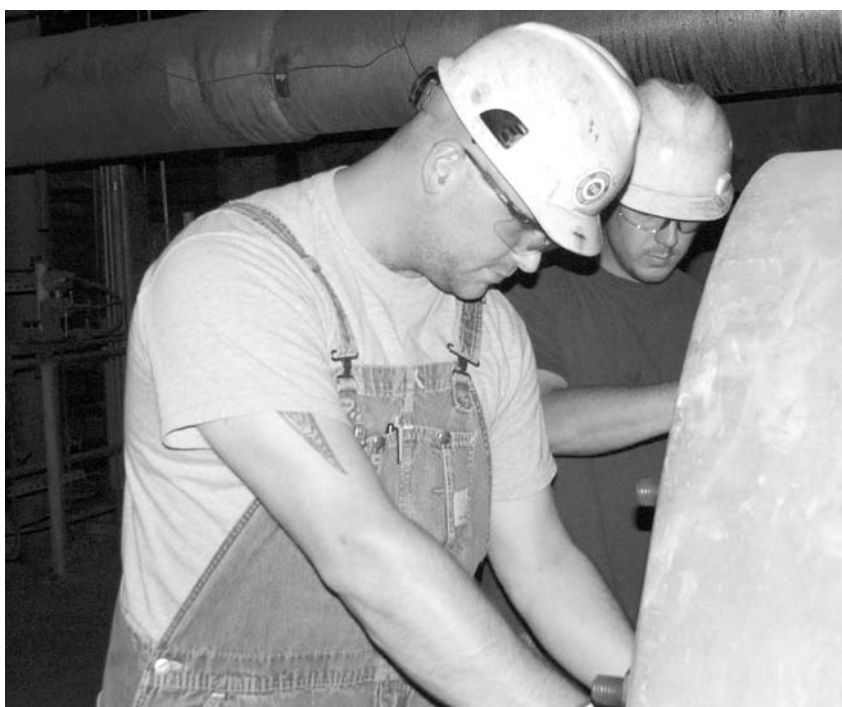
TVA's entire generating fleet, transmission system, power-purchase arrangements and distributors of TVA power made strong contributions in meeting the record demand Aug. 16.

All 59 of TVA's fossil units, all six nuclear units, all four pumped-storage units and 90 of 109 hydro units were operating during the peak. In addition, all but one of TVA's 83 combustion-turbine units were available for service.

TVA's all-time system peak before this summer was 32,008 MW, which was met July 18, 2006, when the average temperature across the Valley was 97 degrees.



Power System Operations Transmission Line Construction's James Whitaker (right) changes a tooth on an AF110 digger as Chris Rickard observes. The crew is installing a 161-kV transmission line tap to the new Middle Tennessee Electric Membership Corp. Clovercroft substation near Arrington, Tenn., south of Nashville. This is one of many lines being installed across the Tennessee Valley to provide stable power for rapidly growing communities.



## Powerful demand

*continued from page 1*

hot-water temperatures and operating electrical equipment only when necessary, to ensure an adequate power supply to customers. And TVA asked distributor customers to implement power-curtailment measures to reduce the demand.

Through Safety Awareness Bulletins and safety meetings, employees were encouraged to follow heat-prevention guidelines. Sloan is well aware of those.

“We take heat assessments of the area to determine what kind of conditions we’ll be working in,” he says. “We see if there’s anything we can do to reduce the heat, such as run fans or keep doors open for drafts. But it’s still extremely hot. The metal we work around holds the heat.”

Sloan says they wear clothing appropriate for the job and, most important, stay hydrated.

“We have coolers with cold water and Gatorade, and we take frequent breaks. We also know to be observant of ourselves and our co-workers.”

The flip side of the summer heat is the winter cold, which Sloan describes as “interesting, as well.”

“It’s typically better in the cooler season,” he says.

— NANCY CANN

Jason Sloan (left) and Fossil Plant Level II Technician Michael Farley place the final nuts on the studs of a high-pressure heater.





From left, Shaw Stone & Webster employees (from left) James Davis, Chris Walker and Glen Ferguson Jr. replace a walkway on top of Watts Bar Nuclear Plant's main office building on Aug. 6, when TVA met its first peak power demand for August with an average temperature of 94 degrees across the Valley.



GREG STONE

Chanda Smith, Shawnee Fossil Plant environmental engineering technician, prepares used oil drums to be moved to the containmentments where they will be stored while the new transformer is being filled. The temperature on Aug. 9 was 102 degrees.



KRISTE LANIUS

Gallatin Fossil Plant partner Day & Zimmerman/NPS employees Mike Patterson (left) and Billy Gregory put a shine to the plant's lobby windows. The temperature at the time of the photo was 102 degrees on Aug. 7.



CHRIS JETER

John Sevier Fossil Plant Assistant Unit Operators Tim Lipe (left) and Roger Maxey rack out a 480-volt breaker. In the summer, the powerhouse gets hotter than the outdoors.



GALE MIARECKI

Walter Sexton, conveyor & car dump operator for Gallatin's Yard takes a break while working in the heat on Aug. 9.

## The heat wave of 2007

August 2007 was the hottest month ever for Nashville, Knoxville, Chattanooga, Huntsville and Tupelo. And it was the hottest August and second hottest month ever for Memphis. Here are some cool facts:

### Chattanooga

- Highest temperature: 105 on Aug. 23
- 22 consecutive days at or above 95 degrees

### Huntsville, Ala.

- Highest temperature: 105 on Aug. 15, 16 and 17
- 10 consecutive days at 100 or greater (ended Aug 17); ties old record set in 1954
- 22 consecutive days at 95 or greater (ended Aug 24); old record of 20 days set in 1914

### Jackson, Tenn.

- Highest temperature: 106 on Aug. 15 and 16
- 12 consecutive days above 100 degrees is second highest behind 14 days in July 1980
- 28 consecutive days above 95 degrees; old record of 22 days set in 1952

### Knoxville

- Highest temperature: 102 on Aug. 23
- 12 consecutive days at or above 95 degrees

### Memphis

- Highest temperature: 106 on Aug. 15
- 13 days at 100 or greater; old record was 10 days in August 2000
- 28 consecutive days at 95 degrees or above: old record 21 days set in 1980, 1953 and 1952

### Nashville

- Highest temperature: 106 on Aug. 16
- 15 days at 100 or over
- 34 consecutive days above 90 degrees: old record 31 days, set in 1954

### Tupelo

- Highest temperature: 107 on Aug. 15
- 9 consecutive days at 100 degrees or better; ties old record set in 1980
- 26 consecutive days at 95 degrees or higher; old record of 23 days set in 1980



## ACROSS TVA

**EPA Administrator visits Gallatin Fossil Plant**

During a tour of Gallatin Fossil Plant Aug. 10, Environmental Protection Agency Administrator Stephen Johnson (third from left) visits with (from left) Unit Operator Brian Fazekas, Assistant Unit Operator Shane Duke and Unit Operator Eddie Arnell IV. Johnson received an update on TVA's ongoing efforts to reduce emissions at its fossil plants. By 2010, TVA will have spent about \$6 billion on emissions controls at its fossil plants to ensure that this power supply is generated as cleanly as possible, consistent with efficiency. Johnson also was updated on TVA nuclear facilities and the recently adopted strategic plan.

TVA Board Chairman Bill Sansom, Director Denny Bottorff and Chief Operating Officer Bill McCollum accompanied Johnson on his Gallatin tour. Several other TVA representatives also met with the EPA administrator.

Johnson was sworn in as the 11th EPA administrator in May 2005. As administrator, he leads EPA's efforts to protect human health and the environment, managing more than 17,000 agency employees nationwide and overseeing an annual budget of \$7.2 billion.

Johnson is a scientist and 26-year EPA veteran. He has a bachelor's degree in biology and a master's in pathology.

**Burkhart named 2007 Smoky Mountain Region CFC chair**

Terrell Burkhart, vice president of Facilities Management, will chair the 2007 Smoky Mountain Region Combined Federal Campaign, which is held annually to give federal employees an opportunity to contribute to charitable, health and human service organizations. The campaign will begin mid- to late September. This year's local theme is "Giving Together." Assisting Burkhart and TVA's Suzan Bowman, local federal coordinating campaign chair, will be TVA's Janet Herrin, executive campaign manager; Katie Bell and Karen Ford, campaign co-chairs; and Tammy Wilson and Erven Williams, TVA loaned executives; and U.S. Postal Service loaned executives LaWan Davis and Norimi Bradner.

The 2006 Smoky Mountain Region CFC raised more than \$779,000 for charitable organizations, exceeding the campaign goal of \$700,000. Smoky Mountain Region CFC has collected donations of more than \$4.5 million since 2001. Funds raised through 365 federal campaigns conducted nationwide support more than 1,900 local, national and international charitable agencies.

**Bays, Jones in TVARS runoff election Sept. 21-Oct. 5**

Because none of the eight candidates received a majority of votes cast in the TVA Retirement System Board election that ended Friday, Aug. 31, Retirement Services will conduct a runoff election between Les Bays and Spencer Jones.

Bays, a systems engineer at John Sevier Fossil Plant, and Jones, a retirement specialist in Knoxville, received the greatest number of votes. Bays received 572 votes and Jones 709. The other candidates and their vote totals were as follows: Eric Davis, 469; Glenn Henry, 169; David Schultz, 59; Tony Troyani, 423; Gary Watson, 455; and Tim Wilkey, 501.

Ballots for the runoff election will be mailed to members' work addresses on Thursday, Sept. 20. TVARS members can vote by telephone through the Election Line, which will open at 8 a.m. EDT Friday, Sept. 21. The line will be open 24 hours a day, seven days a week, until the election closes at 4:45 p.m. EDT Friday, Oct. 5.

More information on the runoff candidates is available on official bulletin boards and the TVARS Web site at [www.tvvars.com](http://www.tvvars.com). In addition, campaign statements submitted by the candidates are posted on the TVARS Web site and will be updated weekly throughout the runoff period if an update is submitted. For members who do not have access to the Web site, the campaign statements will be posted on official bulletin boards Sept. 21.



Les Bays



Spencer Jones

## Supervisor Academy brings out the 'top' in top-performers

Chris Holmes has been an economist for more than 25 years and has worked for TVA for four, but he's been a supervisor for less than two years.

This summer, Holmes, a manager of product design in Pricing & Contracts, and 11 other TVA supervisors took part in a pilot course designed to give new supervisors the tools they need to succeed. The course consisted of two one-week sessions, four weeks apart, in Chattanooga.

"For the pilot, they wanted someone who'd been a supervisor a little longer than someone who was brand spanking new," Holmes says.

"The first week was intensive. We talked about TVA procedures and ways to understand yourself and others — communicating and listening a little better. And we discussed the tools — checklists, policies and procedures — available to the supervisor."

And the participants looked at their Dominance, Influence, Steadiness, Conscientiousness, or DISC, personal profiles.

"Understanding people's different personality types is already making a difference for me," Holmes says. "By understanding that some people have the need to feel some degree of control

over their environment, I've been able to turn a situation that I used to view as a 'win-lose' into a 'win-win,' at no cost to myself."

Project Manager Steve Gilley of the Leadership Development group in Employee Technical Training & Organizational Effectiveness says the participants learned how they will be measured on their success.

"The course includes how we perform as an organization, but it's more than just performance," Gilley says. "It's a 'look in the mirror' to allow them to evaluate themselves and understand what their styles are."

Participants took courses in managing conflict, decision analysis and change management. They also covered presentation skills.

"Each of us had to give an impromptu presentation and then a formatted presentation," says Holmes. "Afterward, we'd get feedback and critiques."

The supervisors in the pilot also offered their ideas for refining the training sessions, in terms of placement and content.

"First-line supervisors can have the biggest impact on the culture of the company," says Holmes. "I had never thought of that." — *BROOKS CLARK*



Eric Murrell (standing) gives a presentation to his fellow first-line supervisors (from left) Chris Holmes, Marvin Phillips, Cedric Adams and Lynn Smith during a recent Supervisor Academy pilot course.

**Developing TVA's first-line leadership**

Beginning in October, all new supervisors will be required to go through the Supervisor Academy. When the program starts, the period between sessions will be four months.

"There will be slots available for current supervisors," says Project Manager Steve Gilley. "But the focus is to capture the new supervisors as they come in."

The idea for the Supervisor Academy sprang from the Cultural Health Index survey results.

"Some of the areas in CHI in which we were not in the top quartile were the ones the first-line supervisor has the most influence on," Gilley says. "First-line supervisors have significant influence on culture because they interface with more people in the company than other managers do. Your supervisor defines the culture you live in every day."

A Leadership Advisory Board of 10 managers and executives from across TVA developed the leadership program. "They've guided us every step of the way," says Gilley.

# Employees voice opinions on Consumer-Directed Health Plan

**W**hen it comes to medical plans, employees can select the Copayment PPO, the 80-percent PPO or the Consumer-Directed Health Plan.

Last year, employees who selected the Consumer-Directed Health Plan, or CDHP, were asked for their opinions about this plan.

"We wanted to get feedback from members about the level of satisfaction they have with CDHP, which is relatively new, and to identify opportunities for additional information, resources and communications that would be helpful to members," says Kelly Lawson, program manager in Employee Benefits. "We received a response from 30 percent of the plan members surveyed."

Lawson says the main reason the respondents initially selected CDHP was the plan's cost. An overwhelming

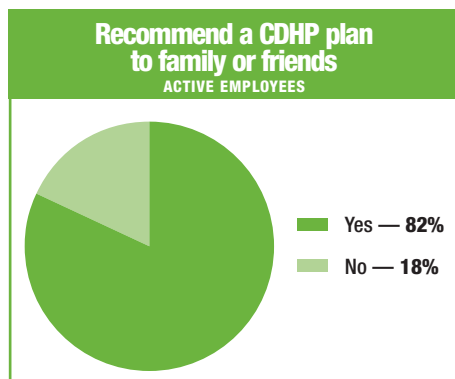
majority indicated they would recommend a consumer-directed health plan to family or friends.

"Since enrolling in CDHP, 49 percent now believe they are more knowledgeable about the cost of healthcare services and prescription drugs," she says. "Several respondents actually changed a health-related behavior as a result of the plan. Most of the change occurred in the prescription-drug area, such as comparing prescription-drug costs, switching to generic drugs and changing to mail-order. But other employees indicated they started an exercise program, lost weight, reviewed alternative forms of treatment or self-treated minor health problems."

Thirty-two percent of the respondents indicated they became more knowledgeable about their own healthcare and how to manage it by being more aware of costs, tracking health-

care expenses, researching and asking their doctor questions, receiving preventive care, planning healthcare services and evaluating the need for care and alternative treatments.

Lawson says 52 percent of respondents took advantage of the Health Care Flexible Spending Account to set aside money for their



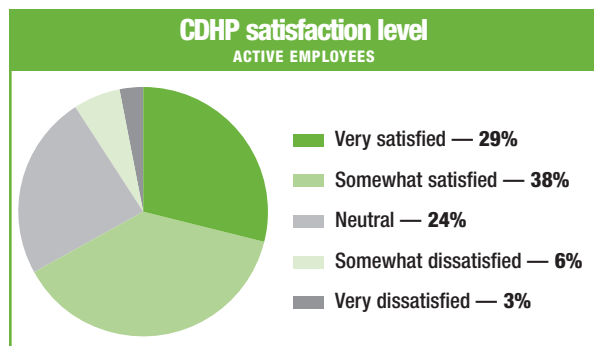
uncovered healthcare expenses.

"Since spending-account contributions are pre-tax, these employees are reducing their taxes," she says. "It is like receiving a discount on healthcare services you know you are going to purchase."

Having easy access to their health-reimbursement-account, or HRA, balance was raised as an issue.

"TVA contributes a fixed amount to the HRA for CDHP participants. The amount placed in the account is \$500 for an individual contract and \$1,000 for a family contract. All eligible expenses, including physician, hospital and prescription-drug expenses, are paid in full from this account until the account is depleted."

The BlueCross BlueShield of Tennessee Web site — [www.bcbst.com](http://www.bcbst.com) — was redesigned after the survey for easier access of HRA information.



## Your Health Counts

### For quick access to your Health Reimbursement Account balance:

- Go to [www.bcbst.com](http://www.bcbst.com).
- Enter your login information or register.
- Click on Member Self-Service. Your HRA information is shown in the righthand column.

Many decision-support tools also are available on the Blue Cross Blue Shield of Tennessee and Medco Web sites.

### Find comparisons of hospital costs and quality, as well as cost estimates of different medical procedures:

- Go to [www.bcbst.com](http://www.bcbst.com).
- Click on Members, then TVA employees.
- Look under Decision Support Tools.

### Comparison shop for available lower-cost prescription-drug alternatives:

- Go to [www.medco.com/save](http://www.medco.com/save).
- Enter your login information or register to access the My Rx Choices prescription-savings program, a personalized online tool.

"Other feedback continues to be used in developing communications and identifying resources for CDHP members, as well as for all medical-plan members," Lawson say.

## Like a scout — be prepared

September is the fourth annual National Preparedness Month, a nationwide initiative sponsored by the Department of Homeland Security to encourage Americans to take simple steps to prepare for emergencies. This year, National Preparedness Month focuses on back-to-school planning, business preparedness, multicultural preparedness, and home and family preparedness. The goal is to increase public awareness about the importance of preparing for emergencies and to encourage individuals to take action.

**T**here's no time like the present to be prepared. And TVA's Pandemic Planning Team is doing just that. The team, with representatives from all of TVA's strategic business units, is developing a plan to enable the company to successfully operate during and after a pandemic outbreak, such as avian flu, and to provide employees with the information and tools to protect themselves and their families.

"TVA has an outstanding reputation in terms of preparing for emergencies," says John Long, chief administrative officer and TVA's Designated Agency Safety & Health Official. "We have processes in place for virtually every form of disaster that could impact our businesses, such as nuclear-preparedness drills and dam-safety inspections."

He says planning has been largely behind the scenes so far, but now the actions are ready to be implemented.

"Pandemic drills have a person in every TVA business unit overseeing how the operations are prepared," Long says.

TVA conducted a companywide drill Aug. 28 to test the awareness and readiness of TVA operations in the event of a pandemic. The drill, which involved some employees from across TVA business units, focused on assessing employees' ability to work effectively from remote locations.

**pan-dem-ic — (adj)** existing in the form of a widespread epidemic that affects people in many different countries. **(n)** a disease or condition that is found in a large part of a population.

"Seamless is the word I would use for the test," says Rex Neal, compliance manager in Support Services with the Heavy Equipment Division, and a participant in the pandemic drill to test TVA's telework capabilities.

"I had no problems doing my day-to-day business, with the small exception of opening large e-mail files. I worked from my home, and it is so remote here, I had to use dial-up to log in and sign on. It's amazing how easy we get accustomed to 'fast' service."

"I work from home a lot at night and on weekends, but today I was catching myself talking to the computer saying 'come on, come on.' Overall, the test for me was a success. I can do many of my duties and responsibilities from home."

Pat O'Connor in Power System Operations' Transmission & Reliability group says he was able to perform tasks with minimal problems, much like being in the office.

"While nothing can replace the value of face-to-face interaction, I think this clearly demonstrates that with today's technology, most critical functions can be performed remotely during an emergency," he says.



Rex Neal 'seamlessly' works from his home during TVA's pandemic drill Aug. 28.

Information Services conducted a similar drill in August to assess its telework readiness. The drill confirmed that TVA's infrastructure and assistance would be effective in a pandemic if IS employees had to work from home, given the extent of what TVA can control.



## INSIDER

# Engineering Design — finding new ways to cut costs

**Reducing TVA's capital project costs while improving products and services. That's a big part of the Sustainable Performance Improvement Initiative, and it's a contribution Fossil Power Group's Engineering Design Services is making to TVA.**

**E**ngineering Design Services needed to get its work done faster, with reduced costs, while raising the bar for quality. And as with other organizations, the group was faced with increasing cost challenges.

"EDS's best option for reducing engineering costs was for TVA's engineering staff to literally work side by side with engineering suppliers in the suppliers' office space," says John Thomas, Chattanooga integrated team manager.

He says each group brings different strengths to the work environment. TVA provides technical leadership and project ownership while the vendor provides diverse engineering skills.

"The result is high-quality engineering products that are less expensive and take less time to produce," Thomas says. "This equates to overall reduced project costs and ultimately improves TVA's competitive position."

The goal is to reduce the cost of fossil-power projects while reducing the engineering costs from about 16 percent to 10 percent of total project costs.

"We expect to take a year or more to reach the goal, but, once accomplished, this will result in a net savings to TVA of about \$6 million per year in engineering costs."

The plan also identified numerous process improvements, as well. Many are a direct result of the shared-office environment.

"Simply eliminating the number of documentation handoffs between organizations has significantly improved efficiency," says Tom Lutz, project manager with engineering contractor Worley Parsons. "Work authorization that was taking about seven to 10 days is now being accomplished in four or five hours so engineers can get to work faster with less waiting for approvals."

EDS offices are now regional, with integrated engineering offices in Nashville and Chattanooga.

"By using different engineering suppliers at each location, supplier-cost competitiveness is enhanced while increasing responsiveness to customer needs," says Thomas. "And we have an office in the Chattanooga Office Complex to use in-house talent to perform critical upgrades to the Fossil Power Group fleet and provide technical expertise to oversee large, clean-air turnkey projects provided by secondary engineering suppliers."

—JESSICA STONE



From left, engineering contractor Worley Parsons Senior Designer Hollis Williams and Senior Engineer A.Y. Slate and TVA Principle Engineer Lee Thomas discuss mercury-emission monitoring systems.

## people, plaudits and promotions

**Regina Green**, a laborer at Watauga Hydro Plant; **Alton Shedd**, a Level III hydro technician at Wheeler Hydro Plant; and **Stan Williams**, a Level III hydro technician at Raccoon Mountain Pumped-Storage Plant, have been recognized as part of Hydro Production's quarterly awards program.

The program recognizes non-management employees for exceptional performance and for demonstrating sustained commitment to the STAR 7 values.

Green was recognized for her creativity in problem solving, her willingness to help others and her commitment to performing all work safely, efficiently and correctly the first time.

Shedd was selected for exceeding expectations in terms of his attention to detail and craftsmanship, sense of personal responsibility and commitment to teamwork and personal growth. He was cited specifically for pre-job preparation and putting safety first.

Williams was chosen for his leadership, sense of personal responsibility and commitment to teamwork, as well as for the pride he takes in his work and his interest in improving his skills.

Hydro Production's employee-of-the-year award will be selected from the quarterly winners.

**Anda Ray** has assumed the role of vice president of Environmental



Regina Green



Stan Williams

Stewardship & Policy, reporting directly to Office of Environment & Research Senior Vice President Bridgette Ellis. Ray will help oversee ES&P's efforts as it implements strategic goals related to environmental and stewardship matters included in TVA's new strategic plan. Ray most recently served as vice president of Enterprise Performance & Analysis. In that position, she directed functions including strategy development and implementation and performance management.

In addition, the following rotational Senior Manager, Rotational Management Development positions have been established in the Office of Environment & Research to provide development opportunities as part of talent-management efforts:

**John W. Myers** will begin a one-year rotational assignment as a senior manager, rotational management development, leading Environmental Strategy & Management. In this position, Myers will report directly to Ray and will manage Environmental Policy, NEPA (National Environmental Policy Act) Policy and Environmental Auditing. For the past seven years, Myers has served as program manager of the Air Regulatory & Policy Team for TVA and has more than 20 years of experience



Anda Ray



John W. Myers

on a broad range of environmental, regulatory and policy issues.

**Buff Crosby** will begin a one-year rotational assignment as a senior manager, rotational management development, leading Environmental Stewardship. In this role, Crosby will report directly to Ray and will manage Resource, Realty & Environmental Services, Watershed Operations and Process & Performance Management. Crosby has 15 years of TVA experience and has served in various management positions in the company's stewardship programs.



Buff Crosby

**Mike Ingram**, who has been managing the Research & Development staff as part of a developmental assignment, will begin a new one-year rotational assignment as a senior manager, rotational management development, leading Research & Development. Ingram has 20 years of experience at TVA in R&D and power transmission. He will report to Ron Williams, vice president of Research & Technology Applications, who will continue to report to Ellis. Williams will continue to lead Resource Management. He also is taking on the additional responsibility of working with officials and other stakeholders in the Muscle Shoals area concerning potential economic-development opportunities for parts of TVA's Muscle Shoals reservation.



Mike Ingram